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many cases they have been brought down to date by direct inquiries at the sources from which the materials originally published were obtained." Students accustomed to work over bulky official reports issued from our own government bureaus, will appreciate the care with which statistical data presented are handled. Detailed tables of prices of important articles and groups of articles are given, and at the head of each table the sources of information from which the data are derived; so that one is enabled to determine at a glance the statistical value of each record. Wholesale prices are based largely upon import and export valuations, contract prices at hospitals and institutions, and certain market quotations. Retail prices are for the most part those of London markets, and relate more especially to articles of food and drink. Detailed tables of the retail price of bread in London run back to 1758. Prices of other important articles of food are quoted for longer or shorter periods, where reliable data are available. An excellent series of charts, upon which price curves have been plotted, accompanies the report. One of these, covering the entire century has been constructed to show "changes in the level of general prices, 1801-1902," based upon the index numbers of Jevons, Sauerbeck, and the Board of Trade, and taking prices in 1871 as a basis upon which to figure percentage movements for the century.

The different systems of weighting index numbers have been carefully considered in constructing tables, and in every instance the method employed in arriving at certain results is clearly indicated. The report gives evidence on every page that it has been prepared by competent men, entirely familiar with scientific methods and literature.

J. C.

Railways. By. E. R. McDERMOTT. London: Methuen & Co., 1904. 8vo, pp. 197.

"MANY of the persons who speak and write glibly respecting the management of the railways of the country might find some instructive and perhaps profitable employment in making themselves acquainted with what may be termed the inner life of our railway system." With these words Mr. McDermott challenges the critics home and foreign, but especially the former, of the English railway system. In making comparisons, the only country he has in mind is the United States.

In the description of the concrete facts of English railway transportation the position Mr. McDermott holds, as editor of the *Railway News*, enables him to make good use of detail. His description of the clearing-house is in succinct form one of the best descriptions of that much-described institution. It gives not only general description, but also technical detail with reference to the methods used in car-tracing. The multiplicity of detail with which it deals bears intimately upon the feasibility, as distinguished from the advisability, of the establishment of a clearing-house in the United States.

Classification has developed in England along the same general lines as in the United States. In the early railway acts there were from forty to sixty articles, divided into five or six groups. In 1847 the railways formed a classification which comprised 326 articles. From that time until 1888 successive revisions took place. It was not until 1893 that the present revised classification was established. By stating that "the railway companies treat as 'parcels post,' transmissible by passenger trains, horses, dogs, and carriages. They also treat fish, fruit, and perishable articles with the same indulgence," the author simply emphasizes the fact that the freight traffic in England is of a retail nature. He might have made this still clearer had specific details been quoted. For example, the Great Western will carry a consignment of 24 pounds of farm produce 50 miles and deliver it for 6d. An investigation on the Great Northern Railway showed that at one station on one day the total number of consignments dealt with was 985; the total number of packages, 4,427; the average weight per consignment, 2 cwt.; the average weight per package, 62 lbs.; the number of destinations of the traffic, 53; and the average load per truck, 34 cwt. The answer to the "big car" question is readily apparent. The English railways, even before the recent discussion began, were endeavoring to increase the size of their cars and engines. At the same time they had to consider the nature of their business. As the author says: "What the public require for merchandise is quick transport of light loads; they will not be kept waiting to fill up twenty-ton trucks." More recently the chairman of the Great Western has said that the railway cannot fill a thirty-ton car; it is difficult even to fill a ten-ton car.

In considering the long-discussed question of "preferential" rates to foreigners — Mr. McDermott says "differential" — familiar ground is covered. The matter is, however, of current interest

because of the governmental investigation which is at present taking place. The obvious effect of water competition in bringing about the anomalies complained of is supplemented by the fact that the English products are supplied in small bulk. Investigations later than the author's show that the railways have been endeavoring to stimulate traffic, for example in farm products, competitive with the foreign produce. They have at the same time offered lower rates for larger amounts, the individual shippers being permitted to assemble their shipments in order to obtain advantage of the low rate, and attempted to minimize the effect of water competition. But the English farmer has been too conservative to respond to such a policy.

Unlike the American stockholder, the English stockholder enjoys attending the railway meeting. The control is also widely distributed. In fourteen of the leading English railway companies the average stockholding ran from 1,400 to 2,300. Under these conditions the directors are more generally representative. While Mr. McDermott admits that this leads to greater tardiness of action, he at the same time contends "there can be no question that from a national point of view the British system is infinitely superior to the American one-man control."

It has generally been admitted that, while English freight rates are not exactly comparable with those of American railways, they are on a much higher basis. It is contended by many that this is attributable to lack of sufficient attention on the part of English railway men to the economies of transportation. It is claimed, however, by Sir George S. Gibb, manager of the North Eastern Railway, that the difference is almost wholly due to differences in capital cost. In a letter to the *London Times* on April 20, 1904, he says that comparing the ton-mile rates on the North Eastern with those on the Lehigh Valley, the results are 0.699d. and 0.254d. respectively; but when interest charges, at $4\frac{1}{2}$ per cent., are deducted, the cost of conveyance per ton-mile stands at 0.255d. and 0.199d. respectively. To explain the great capital cost of the English railways there are the usual commonplaces about the solidity of construction of the English railway, etc. His analysis of the modern methods of railway finance, however, is more interesting. He defends the practice the English roads have pursued of maintaining the lines and their equipments out of current revenue, all surplus earnings, after paying fixed charges, being divided among the shareholders. He admits that if a

more conservative dividend policy had been pursued, the shareholders would have been in a better position today. At the same time he argues against the charging of "betterments" to revenue on the ground that "capital outlay is at least subject to discussion in Parliament and before the body of shareholders. Revenue expenditure is less open to check; and its use is obviously liable to speculative action."

In regard to the methods of financing which may be regarded as inflationist, Mr. McDermott's attitude is, on the whole, apologetic. The practice, within recent years, of consolidating the debenture and preference stocks into low-interest-bearing stocks, has led to an increase in nominal capital, which the author defends on the ground that "the change has been advantageous both as increasing the facilities for further borrowing and as providing the holders with more marketable securities." But this leaves untouched the effect of the additional issue of stock, for which no return has been obtained, on the quotations of further issues of stock. Perhaps the most interesting part of the discussion is that concerned with the increase of stock by "splitting" or "duplication." This practice goes back to the early history of the Great Northern Railway, which, finding its shares temporarily difficult to sell, obtained permission from Parliament to split them into deferred and preferred portions. This was owing to the fact that in practice the divided stocks had jointly a higher value, due to the increase in security in the case of the preferred, and to greater speculative possibilities in the case of the deferred, portion. The precedent so set has been followed by many other railways. While it has throughout had the sanction of Parliament, it has injected an essentially unstable element into the capitalization of the roads.

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